



Monthly Tax Revenue Update August 2017

CITY OF PHILADELPHIA



After Strong July, August City Tax Collections Lag Behind Last Year *Year-to-Date Collections in FY2018 Still Ahead of FY2017*

The City collected \$203.6 million in General Fund tax revenue in the second month of FY2018, as compared to \$206.1 million in August 2016, a decrease of 1.2 percent, according to preliminary figures. As shown in Table 2, a 13.4 percent decrease in total wage, earnings, and net profits taxes drove the decrease in overall City collections, with August collections totaling \$149.1 million, as compared to \$172.1 million during the same month last fiscal year. However, the City experienced year-over-year increases in all other major taxes except the real estate tax, which decreased by 10.1 percent, compared to August of 2016.

AUGUST COLLECTIONS

Major tax categories that saw year-over-year growth in August included the business income and receipts tax (BIRT), which increased by 16.8 percent, the City sales tax, which increased by 6.3 percent, and the realty transfer tax, which increased by 53.0 percent—reflecting Philadelphia’s currently strong real estate market. However, all minor tax categories saw year-over-year decreases—the parking tax by 2.6 percent, the amusement tax by 63.6 percent, other miscellaneous taxes by 17.6 percent—another factor causing the aforementioned decrease in overall City tax collections of 1.2 percent.

Tax Collections Snapshots Through August

Wage, Earnings, & Net Profits: City



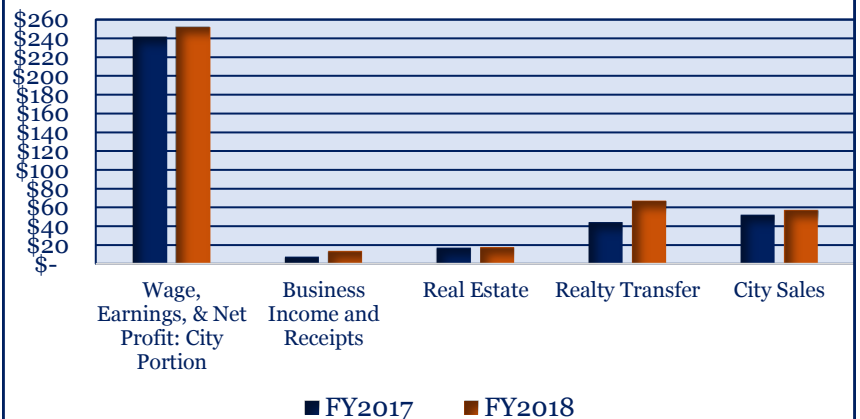
4.2 %

Real Estate Transfer



51.0 %

Major Taxes Through August FY2017 vs. FY2018
(\$ in Millions)



YEAR-TO-DATE COLLECTIONS

Despite the decrease in August collections, a strong July ensured growth in all major tax categories thus far in the fiscal year. Through August, the City portion of the wage, earnings, and net profits tax increased by 4.2 percent; the BIRT increased by 77.1 percent, the real estate tax increased by 2.6 percent; the realty transfer tax increased by 51.0 percent; and the City sales tax increased by 10.0 percent, as shown in Table 1. Among major taxes, only the real estate tax failed to meet or exceed projections, although timing of collections and accruals can affect total collections for this and other taxes, early in the fiscal year.

The City’s current FY2018 revenue estimates are contained in the City’s *FY2018–FY2022 Five Year Financial Plan*, as approved by the PICA Board on July 18, 2017. The projected General Fund tax revenue in FY2018 is \$3.298 billion, an increase of 8.2 percent over FY2017. Combined City and PICA tax revenue is projected at \$3.773 billion, an increase of 7.5 percent over last fiscal year.

Table 1: Tax Growth Projected versus Year-to-Date¹

Tax	Projected Growth	Growth Through August
Wage, Earnings, & Net Profits: PICA & City	3.1%	4.3%
Less Wage, Earnings, & Net Profits: PICA Portion	3.3	4.4
Wage, Earnings, & Net Profits: City Portion	3.1	4.2
Business Income and Receipts	12.6	77.1
Real Estate	11.7	2.6
Real Estate Transfer	4.3	51.0
City Sales	5.6	10.0
Parking ³	7.2	-1.0
Amusement	4.6	-44.8
Other Miscellaneous ⁴	0.9	23.3

Table 2: City of Philadelphia Tax Revenue FY2018 vs. FY2017 (\$ in Millions)²

Tax Type	August			August Year-to-Date		
	FY2018	FY2017	Change	FY2018	FY2017	Change
Wage, Earnings, & Net Profit: PICA and City	\$149,096,569	\$172,118,415	-13.4%	\$329,177,442	\$315,647,502	4.3%
Less: Wage, Earnings, & Net Profit: PICA Portion	34,979,114	40,399,203	-13.4	77,284,547	73,996,023	4.4
Wage, Earnings, & Net Profit: City Portion	114,117,455	131,719,212	-13.4	251,892,895	241,651,479	4.2
Business Income and Receipts Tax	6,929,850	5,933,423	16.8	13,818,507	7,803,891	77.1
Real Estate Tax	8,542,174	9,501,157	-10.1	17,708,642	17,257,156	2.6
Realty Transfer Tax	29,023,050	18,970,672	53.0	67,366,794	44,601,438	51.0
City Sales Tax	28,979,912	27,254,093	6.3	57,577,181	52,329,588	10.0
Parking Tax ³	7,616,396	7,817,856	-2.6	15,662,596	15,824,553	-1.0
Amusement Tax	1,649,435	4,534,878	-63.6	3,467,430	6,276,221	-44.8
Other Miscellaneous Taxes ⁴	279,637	339,469	-17.6	568,584	461,223	23.3
Philadelphia Beverage Tax	6,504,472	--	--	13,427,347	--	--
Total Taxes⁵	\$203,642,381	\$206,070,760	-1.2%	\$441,487,450	\$386,205,548	14.3%

¹ As projected in the City’s *FY2018–FY 2022 Five Year Financial Plan*.

² Source: Preliminary revenue report provided by Department of Revenue; General Fund only; all figures rounded for readability

³ Includes parking lot and valet taxes

⁴ Includes outdoor advertising, smokeless tobacco, and miscellaneous taxes

⁵ Does not include PICA portion